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Conference on the World Financial and Economic Crisis and Its Impact on Development

Official Records

1st meeting
Wednesday, 24 June 2009, 10 a.m.
New York

President: Mr. D'Escoto Brockmann ..... (Nicaragua)

The meeting was called to order at 10.15 a.m.

Item 1 of the provisional agenda

Opening of the Conference

The Secretary-General: I declare open the Conference on the World Financial and Economic Crisis and Its Impact on Development. Allow me to extend to all a very warm welcome.

In accordance with rule 17 of the provisional rules of procedure of the Conference, I wish to inform the Conference that I will serve as temporary President of the Conference until the election of the President.

Item 2 of the provisional agenda

Election of the President

The Secretary-General: I now invite representatives to proceed with the election of the President of the Conference.

In accordance with paragraph 1 of General Assembly resolution 63/277 of 7 April 2009, there is an agreement among all delegations to elect the President of the sixty-third session of the United Nations General Assembly, His Excellency Miguel d'Escoto Brockmann, as President of the Conference on the World Financial and Economic Crisis and Its Impact on Development.

Unless I hear any objection, I shall take it that representatives wish to proceed with this election by acclamation, thus dispensing with the procedure of formal balloting.

I hear no objection, it is so decided.

I therefore declare His Excellency Miguel d'Escoto Brockmann as President of the Conference on the World Financial and Economic Crisis and Its Impact on Development. On behalf of all participants in the Conference, I congratulate His Excellency on his election and invite him to preside over the plenary meetings of the Conference.

The President took the Chair.

The President (*spoke in Spanish*): We, the representatives of States and Governments of the world, are meeting here, at the United Nations, because we are at a most singular moment in human history — a moment in which our common future is at stake. We are citizens of different nations, and, at the same time, citizens of the planet. We all have multiple, interdependent relationships with one another.

At this critical moment, we must all join our efforts to prevent the global crisis, with its myriad faces, from becoming a social, environmental and humanitarian tragedy. The challenges posed by the various crises are all interconnected. They compel us, as representatives of the peoples of the Earth, to declare our responsibility towards each other. They also oblige us to find, with great hope, inclusive solutions together.

There is no better place to do that than the General Assembly Hall. This is the Hall of world

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democratic inclusiveness par excellence — the headquarters of the G-192. Obviously, each State has the option of determining its level of participation, in accordance with the importance it attaches to the topic of each meeting.

It is neither humane nor responsible to build a Noah's ark only to save the existing economic system, leaving the vast majority of humankind to its fate and to suffer the negative effects of a system imposed by an irresponsible but powerful minority. We must collectively adopt a set of decisions that, to the greatest possible extent, serve the needs of all, including the broader community of life and our common home, Mother Earth.

First of all, we must overcome an oppressive past and forge a hopeful future. It must be acknowledged that the current economic and financial crisis is the end result of a selfish and irresponsible way of living, producing, consuming and establishing relationships among ourselves and with nature that has entailed systematic aggression against Earth and its ecosystems and a profound social imbalance — an analytical expression that masks a perverse global social injustice. In my opinion, we have reached the final frontier. We seem to have reached the end of the road travelled thus far. If we continue in that way, we could arrive at the same destiny that has already befallen the dinosaurs.

Therefore, although they are undoubtedly necessary, controls and corrections for the existing model are insufficient in the medium and long terms. Their inherent ability to address the global crisis has proven to be very weak. Limiting ourselves to controls and corrections of the model would reveal a cruel lack of social sensitivity, imagination and commitment to the establishment of just and lasting peace.

Selfishness and greed cannot be remedied; they must be replaced by solidarity, which obviously requires radical change. If we truly want stable and lasting peace, it must be absolutely clear that we must go beyond controls and corrections for the existing model to create something that strives towards a new paradigm of social coexistence.

Against that backdrop, it is essential to seek what the Earth Charter calls a sustainable way of living. That implies a shared vision of values and principles conducive to a different way of inhabiting the world and that ensure the well-being of this and future generations. As great as the danger we all face from the convergence of those various problems is, greater still is the opportunity for salvation that the global crisis is helping or forcing us to discover.

We have built a globalized economy. Now is the time to create a globalized policy and ethics based on the many cultural experiences and traditions of the world's different peoples. A new ethic assumes a new way of seeing. In other words, a different vision of the world also gives rise to a different ethic and a new way for us to relate to each other.

We must incorporate the viewpoint that comes to us from the so-called Earth sciences, according to which the Earth is contained within a vast, complex and evolving cosmos. Mother Earth, as the term approved by the General Assembly on 22 April 2009 states, is alive. Mother Earth regulates herself, maintaining the subtle equilibrium among the physical, chemical and biological in a way that always favours life. She has produced a unique community of life from which the community of human life — humankind — emerged as the conscious and intelligent part of the Earth itself.

That contemporary conception, which will be of great assistance to us in our desire to create a new world, is in line with the ancestral concept of humankind, including that of native peoples for whom the Earth always was and is venerated as Mother, Magna Mater, Inana, Tonantzin — as the Nahuatl of my country of Nicaragua refer to her — or Pachamama, as the Aymaras of Bolivia call her. There is a growing awareness that we are all sons and daughters of Earth and that we belong to her. As President Evo Morales has reminded us many times, she can live without us but we cannot live without her.

Our mission as human beings is to be the guardians and caretakers of the vitality and integrity of Mother Earth. Unfortunately, because of our excessive consumption and wastefulness, Earth has already exceeded by 40 per cent its capacity to replace the goods and services it generously provides for us.

That vision of a living Earth was attested to by astronauts, who from their spacecraft acknowledged with wonder that the Earth and humankind comprised a single reality. They were experiencing what came to be known as the overview effect, the perception that we are so united with the Earth that we ourselves are the Earth — an Earth that feels, thinks, loves and

worships. That perspective gives rise to respect, veneration and a sense of responsibility and care for our common home, all of which are extremely urgent sentiments in the face of the current widespread degradation of nature and the ever-growing ravages suffered by peoples and economies as a result of climate change.

From that new perspective a new ethic should emerge — a new way for us to relate to all those who live in our human abode and with the nature that surrounds us. Today, ethics are either global or they are not ethics. The first affirmation of that global ethic consists in declaring and safeguarding the common good of the Earth and humanity. We start from the premise that the community of peoples is at the same time a community of shared assets. These assets cannot be appropriated privately by anyone and must serve the life of all, of present and future generations and of the community of other living beings.

The common good of humankind and of the Earth has the characteristics of universality and of being freely given. In other words, it needs to involve universally all persons, peoples and the community of life. From that global shared good, no one — no living being — can be excluded. Moreover, by its very nature, it is freely offered to all, and therefore cannot be the object of purchase or sale or viewed from the logic of competition. It must also be continually built by all; otherwise, the common good ceases to be common.

What are the fundamental goods that constitute the shared good of humankind and of the Earth? The first is undoubtedly the Earth itself. To whom does the Earth belong? The Earth belongs, not to the powerful who have appropriated its goods and services, but rather to all of the ecosystems of which it is composed. It is a gift of the universe that emerged in our Milky Way from an ancestral sun, now gone, that gave rise to the current sun around which the Earth revolves as one of its planets. Because it is alive and because it generates all living beings, it has dignity — *dignitas terrae*. This dignity calls for respect and veneration and endows it with rights: the right to be cared for, protected and maintained in condition to continue to produce and reproduce life.

We must recognize, however, that the means of production that have been globalized through industrial greed have to a great extent depleted the Earth and harmed the shared heritage of the Earth and of humankind. It is urgent that we seek other, more humane paths that are more conducive to life. The paths of justice and solidarity can lead to peace and happiness; they are the only ones capable of extricating us from the current world financial and economic crisis.

It follows that the Earth's biosphere is a common heritage of all of life, of which humankind is the guardian. As stated in 1972 at the United Nations Conference on the Human Environment, "[t]he natural resources of the earth including air, water, land, flora, and fauna and especially representative samples of natural ecosystems" belong to the common good of humankind and the Earth. The water, the oceans and the forests, in particular, belong to the shared heritage of humankind and the Earth. Water is a natural good; it is shared, essential and irreplaceable, and all of us have a right to access to it, regardless of the cost of collecting, stockpiling, purifying and distributing it that is borne by public authorities and society.

That is why we are extremely concerned about the desire to privatize and transform it into merchandise, from which a great deal of money can undoubtedly be made. But it must be recalled that water is life, and life is sacred and should not be bartered. This Assembly wishes to support efforts to arrive at an international covenant on water to ensure collective management so as to guarantee access by all to that vital good.

The same should be said with respect to forests, especially tropical and sub-tropical forests, where the greatest biodiversity and concentration of moisture needed for life on Earth are to be found. It is the forests that prevent climate change from making life on the planet unviable because they are the main capturers of carbon dioxide. Without forests there is neither life nor biodiversity. The oceans are the great repositories of life — the regulators of climates that balance the physical and chemical bases of the Earth. Oceans and forests are critical, and not just for the environment.

But the shared good of humankind and the Earth is humankind itself as a whole. In all cultures, there is a clear perception that humankind is endowed with inviolable dignity. That is why we say that those who wage wars and build the machinery of death that can eliminate human life from the face of Earth and do profound damage to the biosphere have committed crimes against humanity.

For this reason, we must wait no longer. It is essential that we proceed as soon as possible to abolish nuclear weapons completely. We cannot confine ourselves to a mere reduction of nuclear weapons or to non-proliferation. It is urgent to establish a zero-tolerance rule for all nuclear weapons in general, without exception. All those who possess nuclear weapons must meet and take decisions in that respect without delay. This is the right time for such action, and we must not squander it. Nor can the world continue to tolerate the obscenity of the increasingly vast amount of funds being spent on weaponry, while trifling sums are allocated to pulling half of humankind out of inexcusable levels of poverty, which is also a time bomb targeting us all.

Violence begets violence. It keeps people in a state of hunger and at sub-human levels of existence, which is the worst form of violence. That is an issue to which a great deal of attention must be given at this Conference.

At this time in our history, amid a global crisis and in the light of the shared good of the Earth and humankind, it is necessary collectively to take short- and medium-term measures to keep society functioning, on the one hand, and to lay the foundations for new forms of sustainable living, on the other. There are five basic pillars that could give coherence to new initiatives to build alternatives and guide the many practices that will also be discussed in the coming days here in the General Assembly.

The first pillar is the sustainable and responsible use of scarce natural resources, which requires us to transcend the logic of exploitation of nature and to strengthen a relationship of respect and synergy.

The second pillar involves restoring the economy to its rightful place in society as a whole, abandoning the reductionist approach that had made it to the principal focus of human coexistence. We must revive the noble concept of economy and do away forever with the pernicious concept of eco-banditry, which is what we have turned it into. The economy must be respectful of values and not the source of values. It should be seen as the activity that lays the foundation for the physical, cultural and spiritual life of all human beings on the planet, while respecting social and environmental norms.

The third pillar is to spread democracy to cover all social relations and all institutions. It should not only be applied and strengthened in the political arena, with a new definition of the State and of international organizations, but also be extended to the spheres of the economy, culture and the relationship between men and women, so that it becomes a universal value and a truly enduring democracy.

The fourth pillar is to forge a minimum ethos based on multicultural exchange and the philosophical and religious traditions of peoples, so that they can participate in defining the common good of humanity and the Earth and in developing new values.

The fifth pillar is to strengthen a spiritual vision of the world that does justice to man's search for an inspiring meaning to life, the creative work of human beings and our brief appearance on this small planet.

Our personal and social well-being and that of the planet can only be achieved if those five essential pillars exist. That can be achieved by an economy that is adequate and decent for the whole community, living in harmony with the rest of mankind, together with nature and with the whole, of which we are part. Those are the foundations for a biocivilization that gives a central role to life, the Earth and humanity and whose citizens are the sons and daughters of joy and not of poverty.

All those challenges cannot be adequately addressed unless we change our minds and hearts and create space for the emergence and development of other essential aspects of the human being. The exclusive and excessive use of mechanical analytical reasoning in modern times has made us deaf to the call of the Earth and insensitive to the cries of the oppressed, who constitute the vast majority of humanity. In the innermost part of our human nature, we are beings of love, solidarity, compassion and sharing. That is why we must enhance our analytical reasoning with sensitive, emotional and heartfelt reasoning, which is the source of the values mentioned.

The common good of humanity and of the Earth is a dynamic reality that is constantly evolving. Four ethical principles are important to keep it alive and open to further development because, with time at a premium, I shall only mention those principles. However, in the text of my statement that has already been distributed, we consider each of those four ethical principles.

The first ethical principle is respect. The second is care, whose principal expression is compassion. The third principle is collective responsibility. The fourth principle is cooperation.

Lastly, we must point out that another part of the common good of humanity is the belief, borne out by spiritual traditions and affirmed by contemporary cosmologists and astrophysicists, that, behind the whole universe, every being, every person, every event and our current crisis, a fundamental, mysterious and deep energy is at work, also known as the nurturing source of all being. We are sure that that nameless energy will also act in this time of chaos, helping and empowering us, in this Conference, to overcome selfishness and to take the necessary steps to avoid catastrophe. That energy will provide an opportunity to create and generate new forms of coexistence, innovative economic models and a higher sense of living and of living together.

In conclusion, I would like to place on record my deep conviction that the current scenario is not a tragedy but a crisis.

Tragedy ends badly, with an Earth that is damaged but can continue without us. Crisis, on the other hand, purifies. It makes us grow and mature and find ways to survive that are acceptable to the whole community of life, mankind and the Earth. The pain we now feel is not the death rattle of a dying man, but the pain of a new birth. So far, we have fully exploited material capital, which is by definition finite — that is to say, limited. Now, we have to work with spiritual capital, which is infinite, because our capacity to love, to live together as brothers and to penetrate the mysteries of the universe and of the human heart is infinite.

As we all come from the heart of the great red stars, where the elements that form us were forged, it is clear that we were born to shine, not to suffer. And we will shine again — that is my strong hope — in an earthly civilization that is more respectful of Mother Earth, more inclusive of all and showing more solidarity with the most dispossessed, most spiritual and most full of reverence for the splendour of the universe and much happier.

With those words, dear brothers and sisters, our discussions at this very important Conference on the world financial and economic crisis have begun. In providing a context for those issues, I wished to emphasize that we will have to set aside all selfish attitudes, if we are to take advantage of the opportunities that the current crisis offers us. Such attitudes, in truth, only seek to preserve a system that, seemingly, benefits a minority and clearly has disastrous consequences for the vast majority of the inhabitants of the planet. We must arm ourselves with solidarity and cooperation in order to make a qualitative leap forward to a future of peace and well-being.

Allow me, my dear brothers and sisters, to conclude this reflection with the words of the Holy Father, Pope Benedict XVI, for this Conference:

> "I invoke upon all of the Conference participants, as well as those responsible for public life and the fate of the planet, the spirit of wisdom and human solidarity, so that the current crisis may become an opportunity, capable of helping us to dedicate greater attention to the dignity of every human being and to promote a more equal distribution of the power of decision and of resources, with particular attention to the unfortunately ever-growing number of the poor".

Statement by the Secretary-General

The President (*spoke in Spanish*): I now give the floor to the Secretary-General.

The Secretary-General: I want to express my appreciation to the President of the General Assembly for convening this important Conference during this crucial period of addressing the global economic crisis. I thank the many heads of State and Government and ministers who are now taking part in this important Conference. I want to thank in particular the two co-facilitators of this important meeting, Ambassador Gonsalves of Saint Vincent and the Grenadines and Ambassador Majoor of the Kingdom of the Netherlands. I thank them for their hard work and commitment.

Unfortunately, we are still in the midst of multiple crises: food, fuel, flu and economy. We are still struggling to overcome the worst global financial and economic crisis since the founding of the United Nations more than 60 years ago. It has touched every part of the world. Meanwhile, the effects of climate change and extreme poverty have become even starker.

Yes, some see financial stabilization and growth in some countries. But I want to say this loud and clear: These are merely signs. For a large number of countries, there are no "green shoots" of recovery; there are only fallow fields. The real impact of the crisis could stretch for years. Millions more families are being pushed into poverty; 50 million jobs could be lost this year alone. Already, nearly a billion people go to sleep hungry every night. Too many children are dying from preventable diseases, while too many mothers die in childbirth.

We need international solidarity. We need the United Nations. That is why I have consistently spoken out for the needs of the vulnerable — those least responsible for the crisis and those least able to respond.

We have made some progress. Prior to the G-20 meeting in London this year, I called for a truly global stimulus — a $1 trillion effort that advanced the interests of all nations, especially developing nations. The G-20 agreed on a substantial package of financial support totalling $1.1 trillion, the bulk of it to be made available through the International Monetary Fund, the World Bank and other multilateral development agencies. This was largely a United Nations initiative, but it is only a beginning. It falls upon us, collectively, to make sure that good intentions translate into concrete action.

In the months ahead, we have a number of key opportunities to strengthen global growth, mitigate climate change and combat extreme poverty, including next month's meeting of the G-8 in Italy, the Climate Change Summit here in New York in September, and the G-20 summit in Pittsburgh.

We need clear priorities. That is why I have just sent a letter to G-8 leaders urging concrete commitments and specific action to renew our resolve. I stressed the need to commit resources to help the poorest and most vulnerable adapt to climate change and to seal a deal in Copenhagen in December. I underscored the importance of delivering on pledges of aid to achieve the Millennium Development Goals.

Participants in today's meeting have the broadest obligation of all. The General Assembly represents all humanity. Together, we must galvanize action. Together, we must support the economic rights, the social rights and the human rights of all the world's people.

To get there, I see three specific areas for action. First, we must mobilize our full strength for better real-time data on the impact of the crisis on the poorest. Secondly, we must keep global commitments to help women and men move from vulnerability to opportunity. Thirdly, we must work together to reform international institutions for the twenty-first century.

Let us begin with vulnerability. We know the big picture: countries with low financial reserves; countries that face shrinking foreign investment, remittances and aid; countries where demand for exports has fallen. But we need a sharper lens with finer powers of resolution.

The United Nations has a presence in all countries. We have an eye on all sectors. I am marshalling the resources of the United Nations to monitor the impact of the crisis in real time. We will launch this global impact and vulnerability alert system in the coming months. I am also mobilizing the entire United Nations system to support countries on food security, trade, a greener economy, stronger safety nets and a global jobs pact. The creation of decent jobs is not just a hoped-for outcome of economic recovery; it is an essential ingredient of economic recovery.

Secondly, leaders must make good on commitments. In past economic crises, aid has been cut at the very time it was most needed. The current crisis cannot be an excuse to abandon pledges. Here is one example: By some estimates, annual aid to Africa is at least $20 billion below the promises made in Gleneagles in 2005. Surely, if the world can mobilize more than $18 trillion to keep the financial sector afloat, it can find more than $18 billion to keep commitments to Africa.

Evidence shows us precisely where more resources can transform lives, increase possibilities and expand human potential: by closing the gap between needs and resources at the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Global Alliance for Vaccines and Immunization; by guaranteeing food and nutritional security and helping subsistence farmers increase farm productivity and access markets; by filling the resource gaps left in the Education for All fast-track initiative and ensuring universal access to primary education; and by helping developing countries to promote cleaner energy and green jobs. This is not charity. It is not a luxury. It is a development imperative, and it is a central ingredient of a coordinated global recovery plan. Finally and

fundamentally, we need to work together to reform global rules and institutions. This is a basic issue of effectiveness, legitimacy and public faith.

The world institutions created generations ago must be made more accountable, more representative and more effective. As I have said from day one, we reform an institution because we believe in its future.

I regret that financial institutional reform has divided Member States. This is not a cause for any one person, nation or group of nations. It is a challenge for us all. Let us build back better.

The global economic crisis shows why we need a renewed multilateralism. We know that, without adequate regulation, a breakdown in one part of the system has profound repercussions elsewhere. Challenges are linked. Our solutions must be linked too.

Let us restore hope to the most vulnerable and build a foundation for greater security and peace. Let us ensure more fairness in the governance of the world's institutions. And let us combine the power to get results with the principles of social justice.

None of these things can we do alone. All of these things we can do together.

Item 3 of the provisional agenda

Adoption of the rules of procedure

The President (*spoke in Spanish*): Delegations have before them document A/CONF.214/2, which is a note by the Secretariat containing the provisional rules of procedure approved by the General Assembly in its decision 63/555 of 8 May 2009. In the absence of objection, may I take it that the Conference adopts the provisional rules of procedure, as contained in document A/CONF.214/2?

It was so decided.

The President (*spoke in Spanish*): The Conference has thus concluded its consideration of item 3 of the provisional agenda.

Item 4 of the provisional agenda

Adoption of the agenda and other organizational matters

The President (*spoke in Spanish*): I would like to draw the attention of delegations to document A/CONF.214/1, which contains the provisional agenda for the Conference. In the absence of objection, may I take it that the Conference wishes to adopt the agenda, as contained in document A/CONF.214/1?

It was so decided.

Agenda item 5

Election of officers other than the President

The President (*spoke in Spanish*): In connection with the election of officers, I wish to draw the attention of the meeting to paragraphs 2 and 3 of document A/CONF.214/5, which contains a note by the Secretariat on organizational and procedural matters.

Under rule 6 of the rules of procedure, the Conference shall elect, in addition to the President, 26 Vice-Presidents and a Rapporteur-General, as well as a Chairman of the Main Committee if established in accordance with rule 46. These officials should be elected on the basis of ensuring the representative character of the General Committee in accordance with rule 11. The Conference may also elect such other officers as it deems necessary for the performance of its functions.

As mentioned in paragraph 3 of document A/CONF.214/5, the General Assembly in its decision 63/555 of 8 May 2009 proposed that the composition of the General Committee of the Conference should be based on that of the General Committee of the Assembly at its sixty-third session, which is composed of the President, 21 Vice-Presidents — Afghanistan, the Plurinational State of Bolivia, Cameroon, China, Egypt, France, Jamaica, Kyrgyzstan, Mongolia, Myanmar, Namibia, Niger, Portugal, the Republic of Moldova, the Russian Federation, Rwanda, Solomon Islands, Spain, Togo, the United Kingdom of Great Britain and Northern Ireland and the United States of America — and the Chairmen of the six Main Committees — Argentina, Honduras, Hungary, Iraq, the Netherlands and Nigeria. Rule 11 of the rules of procedure provides that the Conference shall have a General Committee composed of the President, the Vice-Presidents, the Rapporteur-General and the Chairman of the Main Committee.

In the absence of objection, may I take it that the Conference wishes to endorse the recommendations concerning the composition of the General Committee and the distribution of posts as set out therein?

It is so decided.

The President (*spoke in Spanish*): In the light of the decision just taken and unless I hear any objection, may I take it that the Conference wishes to elect the following countries as Vice-Presidents, by acclamation: Afghanistan, Argentina, the Plurinational State of Bolivia, Cameroon, China, Egypt, France, Honduras, Hungary, Iraq, Jamaica, Kyrgyzstan, Mongolia, Myanmar, Namibia, the Netherlands, Niger, Nigeria, Portugal, the Republic of Moldova, the Russian Federation, Rwanda, Solomon Islands, Spain, Togo, the United Kingdom of Great Britain and Northern Ireland and the United States of America.

It was so decided.

The President (*spoke in Spanish*): I now invite the Conference to proceed with the designation of one of the Vice-Presidents to serve also as the Rapporteur-General of the Conference. I understand there is general agreement to designate His Excellency Mr. Maged Abdelaziz of Egypt as Rapporteur-General of the Conference.

In the absence of objection, may I take it that the Conference wishes to agree to the designation of His Excellency Mr. Maged Abdelaziz of Egypt as Rapporteur-General of the Conference, by acclamation?

It was so decided.

The President (*spoke in Spanish*): On behalf of the Conference, I congratulate His Excellency Mr. Maged Abdelaziz of Egypt on his designation as Rapporteur-General of the Conference.

The Conference has thus concluded its consideration of agenda item 5.

Agenda item 6

Organization of work, including the establishment of the Main Committee

The President (*spoke in Spanish*): The attention of delegations is drawn to document A/CONF.214/5, which contains a note by the Secretariat on organizational and procedural matters. Section IV of the document, entitled "Organization of work", contains a number of proposals concerning the allocation of items, plenary meetings, the Main Committee, round tables, et cetera.

Rather than going through the proposals one by one, I believe it would be better and much more efficient that we address all these organizational matters concerning the Conference as a whole.

Are there any comments on this approach? That not being the case, we shall proceed accordingly.

In the absence of objection, may I take it that it is the wish of the Conference to endorse the proposals contained in section IV of document A/CONF.214/5?

It was so decided.

The President: In accordance with rule 46 and rule 47 of the rules of procedure that were adopted earlier, the Conference may establish a Main Committee and each State participating in the Conference and the European Community may be represented by one representative on the Main Committee.

In this connection, I would like to present my note, contained in document A/CONF.214/3, transmitting the draft outcome document of this conference, prepared by the co-facilitators of the preparatory process, His Excellency Frank Majoor of the Netherlands and His Excellency Camillo Gonsalves of Saint Vincent and the Grenadines on the basis of extensive consultations and intergovernmental negotiations.

(*spoke in Spanish*)

In addition, in my capacity as President of the General Assembly, I addressed a letter on this subject dated 23 June 2009 to all Permanent Representatives and Permanent Observers to the United Nations, with the understanding that a broad consensus was reached on the proposed text, making it unnecessary to establish a Main Committee.

I therefore propose that sub-item (b) of item 8 of the provisional agenda, entitled "Consideration of the draft outcome document of the Conference", be considered directly in the last plenary meeting, which is to take place Friday, 26 June 2009.

It was so decided.

Agenda item 7

Credentials of representatives to the Conference

(a) Appointment of members of the Credentials Committee

The President (*spoke in Spanish*): I would like to draw the attention of representatives to paragraphs 21 and 22 of document A/CONF.214/5, concerning the appointment of members of the Credentials Committee. Rule 4 of the rules of procedure provides that there shall be a Credentials Committee of nine members appointed at the beginning of the Conference and that its composition shall be based on that of the Credentials Committee of the General Assembly of the United Nations at its sixty-third session.

As indicated in paragraph 22 of document A/CONF.214/5, the countries that are members of that Committee are: Botswana, China, Cyprus, Luxembourg, Mexico, Mozambique, the Russian Federation, Saint Kitts and Nevis and the United States of America.

May I take it that the Conference wishes to appoint Botswana, China, Cyprus, Luxembourg, Mexico, Mozambique, the Russian Federation, Saint Kitts and Nevis and the United States of America as members of the Credentials Committee?

It was so decided.

The President (*spoke in Spanish*): With regard to the report of the Credentials Committee, it is my understanding that, in accordance with rule 4, the Credentials Committee shall examine the credentials of representatives and report to the Conference without delay.

This brings us to the conclusion of our consideration of the organization of work for today.

Agenda item 8

General debate on the world financial and economic crisis and its impact on development

(a) General exchange of views on the world financial and economic crisis and its impact on development

The President (*spoke in Spanish*): Delegates will recall that in adopting the proposals contained in section IV of document A/CONF.214/5, it has been agreed that oral statements for the plenary meetings will be limited to five minutes, although this will not preclude the distribution of more extensive texts.

To assist speakers in managing their time, a light system has been installed at the speaker's rostrum which functions as follows: a green light will be activated at the start of the speaker's statement; an orange light will be activated 30 seconds before the end of the five minutes; and a red light will be activated when the five-minute limit has elapsed.

I now have the honour to give the floor to Her Excellency Ms. Isatou Njie-Saidy, Vice-President and Secretary of State for Women's Affairs of the Republic of the Gambia.

Ms. Isatou Njie-Saidy (Gambia): It is with a sense of great honour and privilege that I deliver a statement at this Conference on the World Financial and Economic Crisis and Its Impact on Development on behalf of His Excellency the President of the Republic of the Gambia, Sheikh Al Hadji Yahya A.J.J. Jammeh, who could not attend this auspicious occasion owing to other pressing state commitments. He nonetheless wishes this Conference every success.

Please allow me therefore, on his behalf and indeed on my behalf to extend our profound and sincere gratitude to the Secretary-General of the United Nations, His Excellency Mr. Ban Ki-moon, for his exemplary stewardship and leadership of our Organization. In the same vein, my delegation and I also wish to pay tribute to His Excellency Mr. Miguel d'Escoto Brockmann, President of the General Assembly, for his tremendous efforts made in hosting this very important conference and for his unwavering commitment to the cause of the "G192".

We are also aware of the prompt actions that were initiated by Your Excellency, Mr. President, since the onset of the crisis, to raise awareness and search for sustainable solutions to the crisis. Through the President's guidance, several debates were held on the crisis. We also established the Commission of Experts of the President of the General Assembly on the Reforms of the International Monetary and Financial System, chaired by the erudite Nobel laureate Joseph Stiglitz. We look forward to the deliberations on the final report of the Commission in the next few days.

Gambia appreciates the opportunity to participate in the various conferences of the United Nations. We find the meetings very critical, given their emphasis on

discussing key challenges and development issues of concern facing our continent of Africa in our quest to promote sustainable development and poverty reduction.

Owing to the ongoing financial crisis, the *World Economic Outlook* of the International Monetary Fund (IMF) projects that global growth will decelerate to 0.5 per cent, as measured in terms of purchasing power parity, and contract by 2 per cent when measured in terms of market exchange rates. That would undoubtedly be the worst annual contraction in the post-war period. The following indices are quite telling.

For the first time in 100 years or more, virtually all G-8 countries will report negative growth in gross domestic product (GDP) for 2009. The granting of new loans at the start of 2009 was at the lowest level since the 1930s. Job losses in the United States total 2.5 million, the worst loss since 1929. Container cargo trade, in particular between Asia and Europe, has fallen for the first time in history. As a result, advanced economies have suffered a colossal 3.8 per cent drop in output. Millions of families are facing the loss of homes and jobs.

In a globalized economic order, the rippling effects of such a downturn on developing countries have been devastating. They also threaten to neutralize all the gains made in the past five years towards the achievement of the Millennium Development Goals and other internationally agreed development goals.

Growth in emerging and developing economies is expected to slow significantly, from 6.2 per cent in 2008 to 3.2 per cent in 2009, dragged down by falling export demand, lower commodity prices and much higher external financing constraints. Although African economies are better prepared to address the current policy challenges, owing to the implementation of prudent macroeconomics policies, the continent is in a weaker position than most other regions of the world due to high levels of poverty and reliance on commodity exports.

With regard to the impact of the global financial and economic crisis on the Gambian economy, it is noteworthy that ours is a small open economy whose total imports and exports accounted for about 80 per cent of GDP in 2008. Both current and capital accounts are fully liberalized, with per capita foreign inflows amounting to 15 per cent of GDP. The Gambia is therefore vulnerable to external shocks. In addition, as a result of reduced economic activity, the financial crisis had an adverse impact on the Government's fiscal performance in 2008. Government revenue and grants totalled 3.6 billion dalasis in 2008, as compared to 3.7 billion in 2007. The decline in revenue and grants was due to the decrease in indirect taxes, mainly taxes on international trade, and non-tax revenue, as well as less-than-expected grant receipts.

In brief, the sharp decline in global economic activity had a negative impact on the Gambian economy in 2008, leading to declines in Gambian exports, manufacturing and production, remittances, private inflows, wholesale and retail trade and tourism.

In the light of the foregoing, developing countries like the Gambia are particularly anxious that there could be less official development assistance due to the current crisis. We therefore call on our development partners to maintain or even surpass, if possible, their development assistance commitments so that poor and vulnerable countries such as ours can stay the course in investing in critical sectors of the economy, such as education, health, agriculture, water and sanitation and basic infrastructure.

We are not unaware of the efforts being made at both the national and international levels to contain the impact of the crisis. The national bailout plans in many developed countries and the new facilities at the IMF, the World Bank and regional development banks should, as a matter of urgency, provide developing countries access to critical funds. The Bretton Woods institutions and regional organizations should work closely with the United Nations in their drive to help developing countries weather the storm and the negative economic and social impact triggered by the crisis. The United Nations development system will need more support from the international community as it continues to provide much-needed assistance at the national level.

We are about to adopt another outcome document at the United Nations. In 2005, we adopted the World Summit Outcome document, which addressed a plethora of Africa's special needs. That followed the famous G-8 Gleneagles summit. This meeting is taking place on the heels of the G-20 summit held in London. The report card indicates that many of the commitments are not being fulfilled. The G-8 is about

to meet again, in Italy, where the financial crisis will no doubt be on its agenda.

All we ask for is the fulfilment of the numerous commitments that we have made at the international level. Of course, we would agree that every crisis offers us an opportunity to do better, and this one is no different. The opportunities it presents should not go to waste. A vigorous follow-up mechanism should be put in place to track and assess the implementation of all the commitments that have been made, in particular those to be adopted here today.

The crisis has exposed the need for a greater voice for developing countries on how the international financial system is operated and regulated. In a crisis that we did not trigger but of which we bear the greatest burden, it is absolutely logical that decisions about us be taken with our full participation. The evolution of the crisis has clearly engendered the need for equity in international financial decision-making and regulation. Every nation should have a say in the development of a just economic system. It should no longer be the preserve of a privileged few. It is our humble view that the United Nations is uniquely placed to give that voice and platform from which developing countries can call for a rigorous and vigorous response from the international community.

A significant economy that is a member of the World Trade Organization and is well integrated into the international financial and economic system is notably absent from our deliberations here today. No doubt, Taiwan's absence is symptomatic of the chronic loopholes that dogged the international financial architecture before the advent of this crisis. Taiwan's participation in this dialogue would have made a tremendous difference to our global response strategies.

Let me conclude with the adage that those who cannot learn from history are doomed to repeat it. Could we have prevented this or other similar crises? Probably not, since they are a structural part of the dynamic financial system. But crisis can at least be mitigated by adherence to the precepts of sound macroeconomic management and related policies. The relatively benign global economic environment of recent years engendered an easy policy-making environment. In a difficult economic environment, Governments have only two options and stark choices to make. They must push ahead with economic reform no matter how difficult and painful it is, or slow down the reform process.

But economic history has taught us that countries that think long-term, remain true to the policies that have kept them steady and ensured sustained growth, and recognize that reform is not an acceptance of failure, stand a reasonable chance of surviving the current crisis less bruised and battered than those who did not seize that opportunity.

It is our conviction therefore that reform must be anchored in the promotion of sustainable growth, the creation of decent employment, responsible use of our natural resources, and the mitigation of and adaptation to climate change. But most importantly, we also must remind ourselves that the poor and vulnerable populations in our various countries, particularly in developing countries, eagerly await the successful conclusion of the Doha Development Round.

The President (*spoke in Spanish*): I now give the floor to His Excellency Mr. Aristides Mejía Carranza, Vice-President of the Republic of Honduras.

Mr. Mejía Carranza (Honduras) (*spoke in Spanish*): At the outset, I should like to convey the best wishes of our President, Mr. José Manuel Zelaya Rosales.

For the Government of Honduras, to participate in this general debate on the world financial and economic crisis and its effects on development is a need generated by the suffering of millions of our citizens who have lost their jobs throughout the world and by the impoverishment of vast sectors of the populations of the developing countries.

I would like first to refer to the report of the Secretary-General (A/CONF.214/4) and to congratulate him on its analytical quality and the strength of the proposals that enrich it.

We are undoubtedly mired in the most drastic recession since the 1930s, and it would be no exaggeration to say that it has had grave consequences for human development on the planet. We are aware that the financial crisis has led to an economic crisis in many countries that could give rise to political and social upheaval, given the responsibility that States bear for having created market conditions without the necessary controls to avoid the excesses that have also jeopardized the credibility of permissive democratic systems, particularly in our Latin America.

In early 2009, the President of Honduras, Mr. José Manuel Zelaya Rosales, sent a letter of congratulation to the President-elect of the United States of America, Mr. Barack Obama, in which he said that his historic victory confirmed the sacred values of democratic tolerance as the best tool for fighting against social exclusion and discrimination in a free society that respects civil rights.

He also noted that we are all experiencing a grave world crisis involving aspects as varied and diverse as the economy, social justice, political democracy, climate change, insecurity, terrorism, organized crime, hunger, disease and many other manifestations and threats that afflict the entire world. He indicated that these challenges require new approaches and attitudes in the general framework of the foreign policy of States, especially the major world Powers.

His idea was and remains that priority must be given to designing a new financial and social architecture and a new economic model that allows limits to be set on the abuses of monopolistic companies, speculative capital and fraud that reveal the imbalance between the global market and the rule of law limited to the sphere of national sovereignty. This dynamic is manifest in the weakening of the State, the privatization of public services with little transparency, an abandonment of policies aimed at generating employment, cutbacks in social expenditures, and a trade fundamentalism that overemphasizes the dubious virtues of markets subject only to self-regulation. It is no secret to anyone that such an economic order gives free rein to small groups of speculators to appropriate great wealth without having produced it themselves.

That is why this Conference must address not so much the causes and analyses of the crisis, but rather that which is to come: regulations that will, going forward, prevent a recurrence of a similar catastrophe and at the same time allow for growth that stimulates responsible economic freedom.

The international crisis has had a direct impact on Honduras. The Government of the Republic had successfully applied a plan of growth with greater equity that helped the economy to grow by 6 per cent in 2006, 7 per cent in 2007 and 4 per cent in 2008. This year, a drop in remittances and a decline in exports and tourism have entailed a reduction of economic growth to a mere 2 per cent. Putting the figures in perspective, the Honduran economy will grow in 2009 at a pace greater than that estimated for the global economy, but given historic poverty indicators, this growth in the Honduran economy will in fact be insignificant and threatens to undermine the progress made in reducing poverty over the past three years.

In order to counteract the effects of the international crisis, the Government of Honduras has activated a plan of counter-cyclical measures which, as a whole, will require investments in the infrastructure, housing, education and renewable energy sectors in 2009 and 2010. The logic of the Honduran anti-crisis plan is to mobilize public and private financial resources to maintain employment and facilitate access to credit for medium-sized, small and micro-enterprises.

A crisis such as this requires responses of greater complexity that will lead to the creation of a supranational regulatory system, for which the International Monetary Fund could serve as the body in which countries agree on reforms to be undertaken.

The report of the Secretary-General before us today seeks a new vision for the course of contemporary civilization, which is a source of encouragement to all of us participating in this forum. It is our hope that this meeting will allow us to arrive at international institutional arrangements that successfully provide a new basis for achieving fair and fundamentally human development. From this rostrum, we convey our best wishes to all the nations of the world.

The President (*spoke in Spanish*): I now give the floor to Her Excellency Ms. Joice Mujuru, Vice-President of the Republic of Zimbabwe.

Ms. Mujuru (Zimbabwe): It is an honour for me to participate in this important Conference on the World Financial and Economic Crisis and Its Impact on Development. I take this opportunity to express my Government's appreciation for the efforts that the United Nations is making to bring Members together to tackle the global challenges facing the world. We are aware that balancing global interests and steering the interests of individual Member States is a challenging task. My delegation is confident that with you, Mr. President, at the helm of this important Conference, all issues on the agenda will be dealt with in a balanced manner, and I therefore assure you of the continued support of my delegation.

The world economic and financial crisis is one of the most pressing global issues of our time. Its effects pose a big threat to mankind's well-being. Although the world financial and economic crisis did not originate in developing countries, it is we who now face the worst consequences, as most of us do not have adequate resources to mitigate its multiple negative impacts. Furthermore, we are concerned that the crisis will last longer than originally expected, with devastating consequences for smaller economies like ours.

The impact of the world financial and economic crisis will be more devastating in developing countries, particularly those on the African continent. At lower levels of development, we are more vulnerable to fluctuations in world markets. Coming on the heels of the food and energy crises, the global financial crisis seriously threatens sustainable economic growth and sustainable development on the continent and could reverse the progress so far attained towards the achievement of the internationally agreed development goals, including the Millennium Development Goals.

Mr. Nsengimana (Rwanda), Vice-President, took the Chair.

Already, economic activity in African countries has slowed down, with weakening labour markets and rising unemployment, contracting business investments and a slowdown in the tourism sector. Most countries are facing financing constraints, shrinking trade, reduced foreign remittances and a fall in foreign direct investment and aid flows. We urge members of the international community to partner with Africa in alleviating the impact of the crisis, especially on the poorest and most vulnerable among us.

In the case of Zimbabwe, recurrent droughts, lack of access to financial resources, the HIV/AIDS pandemic and the brain drain continue to slow down economic development in the country. The unavailability of financial resources has negatively affected access to agricultural inputs and social service delivery, in particular health, education, water and sanitation, by the majority of our people. As a result, poverty levels remain a challenge, a situation that is undermining the attainment of the internationally agreed goals, including the Millennium Development Goals.

With the fluctuating prices of commodities and minerals, several mines have either seriously scaled down operations or closed down. Moreover, lack of inflows and the conditionalities imposed on my country have negatively affected many companies in Zimbabwe. This has, in turn, led to decreased Government revenue collections and a limited capacity to achieve sustainable development. This situation is now seriously undermining progress by our inclusive Government, constituted by the three main political parties on 13 February 2009, to turn around our economy.

The lack of external support now threatens the success of our short-term economic recovery programme, whose main thrust is to steer our economy on the recovery path. I therefore take this opportunity to urge the international community to support Zimbabwe by providing the country with a financial stimulus package to enable us to mitigate and offset the economic and financial crisis. In that regard, Zimbabwe is also of the view that the stimulus packages proposed to developing countries should be tailor-made to support the development priorities of the recipient countries. As an honest broker, the United Nations system should be the first to take a stand against conditional aid.

While we take note of the efforts of the Group of 20 (G-20) to deal with the current global crisis, unlike the United Nations, it is not inclusive. We believe that issues that affect the developing countries do not get the full attention they deserve at the G-20. We therefore submit that the United Nations is the most appropriate body that can come up with global solutions to this crisis. We therefore call for the strengthening of the role of the United Nations, including the General Assembly, and its economic arms, particularly the Economic and Social Council. In particular, the United Nations should be equipped with the tools, expertise and resources to assist Member States in their efforts to overcome the crisis and promote a sustainable and inclusive recovery.

In the recent past, driven by blind faith in the virtues of the market, the role of the State in the regulation of the economy was reduced. Reality has now dawned on many that the role of Government is more pertinent than ever in regulating financial systems, both at the national and the international levels. It is therefore important that developing countries be given the freedom to choose the best mix of policies to offset this crisis, given their unique and individual social, political, economic and environmental conditions.

To complement the efforts of Governments, there is a need to review the reform of the international financial architecture to ensure that the problems that led to this crisis are not repeated. That requires addressing three major sources of instability, namely policies, markets and the current international reserve system. We call for agreement on effective multilateral discipline over financial, macroeconomic and exchange rate policies and the establishment of an international reserve system that is sensitive to the financial needs of Member States whenever they face a crisis.

We also call for a fundamental overhaul of the governance framework of the World Bank and the International Monetary Fund (IMF) to reflect the developments in the global economy. Africa and other developing regions must be given greater voice and representation at the Bank and at the Fund. We know what we need, and we need to be heard. The voting weights at both institutions must be revisited to remove the bias in favour of the developed countries. This Conference offers a unique opportunity to take decisive steps towards the proposed reforms around the core principles of transparency, integrity, responsibility, sound banking practice and international governance.

With reference to the IMF, we are concerned that its loans still contain old policy conditions that are the direct opposite of the expansionary and stimulus policies being implemented in the developed countries. We therefore highlight the need to streamline the institution so that it focuses on its main responsibility of safeguarding international monetary and financial stability. We call for the restoration of policy autonomy to borrowing countries.

I believe that more attention should also be given to addressing the disparities in the global trade regime and to creating a rules-based, predictable and non-discriminatory trading system. If developing countries are to realize the full potential of international trade, it is important that the barriers to our exports be removed. We share the view that the reinvigoration of the multilateral trade negotiations to conclude the Doha Development Trade Round will go a long way towards addressing the imbalances in the current international trading system. In the same vein, it is critical to increase aid if trade is to enable exporters and importers to access affordable credit.

For many African countries, including Zimbabwe, the stabilization of commodity prices and fair remuneration to producing countries have also become a priority issue. Fair prices for commodities will go a long way towards boosting financial resources for our countries. This would assist us in meeting our development challenges.

We believe that the World Bank and other regional development banks can play a pivotal role in mitigating the effects of the crisis through infrastructure financing and microfinance, among other things. They should therefore be equipped with the necessary resources to carry out this important mandate, and we support the call by the World Bank for the creation of a vulnerability fund to help developing countries.

Furthermore, in view of this financial crisis, debt sustainability should be closely monitored. The various initiatives that have been undertaken to reduce the debt burden of a number of developing countries, including the Multilateral Debt Relief Initiative, do not cover all countries. They need to be more inclusive. Members should also consider establishing an international mechanism for sovereign debt restructuring and relief.

In conclusion, my Government is of the view that, owing to the serious and far-reaching effects that the current financial and economic crisis may have, this Conference should not be a once-off event. We call for a follow-up process with a road map for further deliberations and a time-framed programme of action to ensure that the effects of the crisis are mitigated and measures put in place to avert recurrence. We therefore request the Secretary-General to develop a proposal on the overall response of the United Nations system to the crisis and the General Assembly to remain seized of the matter.

The Acting President (*spoke in French*): I now give the floor to His Excellency Mr. Dean Barrow, Prime Minister and Minister of Finance of Belize, who will speak on behalf of the Caribbean Community.

Mr. Barrow (Belize): I address this special United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development in my capacity both as Prime Minister of Belize and as Chairman of the 14-member Caribbean Community.

As is set out in great detail in the report prepared by the Secretary-General (A/CONF.214/4) for this Conference, the result of this crisis has been planet-wide devastation, and the detailed impact of that

devastation in the developed countries has received saturation coverage by the international news media. First-world faces and images of dislocation and despair and heart-rending stories of the newly unemployed and the newly dispossessed are an almost daily staple on CNN. But where, proportionately, the effects of the crisis are sharpest, and where the serpent's sting is draining away the lifeblood of whole sectors of society, international reportage is well-nigh non-existent. Yet it is a fact that, for us in the Caribbean, the current set of economic conditions is the worst to have overtaken us since we won independence.

It is also very important to note that, in our corner of the world, the crisis seems to be proceeding entirely unabated. There will be no early reversal to compensate for the blinding speed with which the contagion moved from developed to developing world. And so, the shoots of economic recovery that some claim to discern on the landscape of the industrialized world do not even reach the level of wishful thinking in our small countries. Thus, for us, commodity prices remain severely depressed, accompanied by prolonged decline in export earnings from agriculture. There is also a continuum in the contraction of tourism revenues, with the attendant myriad job losses and business closures, and foreign direct investment is in retreat, resulting in biting retrenchment, especially in the construction sector.

I single out these three areas because of their importance to Caribbean economies, not because they are the only areas of continuing difficulty. These activities employ the overwhelming majority of the workforce, particularly persons in the middle- and lower-income earning groups and those with lower levels of formal education and skills. This in turn means that reduced levels of activity in these sectors have a disproportionate negative social impact. Complicating the situation further has been a continuing decline in the flow of family remittances, converting the economic crisis into social disaster for a considerable portion of our populations. In addition, of course, finance ministries are struggling with the Scylla and Charybdis of lower revenues, on the one hand, and, on the other, mounting expenditure pressure to help communities address rising poverty levels. It goes without saying that there is now no prospect of our countries' achieving the time-bound Millennium Development Goals.

My purpose today, however, is not merely to rehearse the facts of the financial and economic crisis. We are here to find answers, and in that search I believe we need to address two issues above all: first, what must be done generally to mitigate the effects of the crisis in developing countries; and secondly, what arrangements we need to put in place to make sure that a crisis like this does not recur.

In relation to the first issue, we need to face up to some structural realities. The immediate one is that small, open, trade-dependent economies cannot, from their own resources, implement back-in-vogue Keynesian stimulus packages. We do not have the surpluses, and we do not have the foreign exchange reserves that fiscal expansion, in our import-dependent economies, would require.

Our only option then, is to seek to utilize borrowed external resources from multilateral and bilateral sources. But that is a vicious circle, because there are clear limitations on our ability to borrow. This is both for reason of the high debt levels accumulated as a result of past development efforts, and because of the contraction in lending now caused by the very financial crisis we need to borrow ourselves out of.

In any case, the available funding is in most instances tied to previously agreed projects. And these, while important for development, are not fully consistent either with the need for broad economic stimulation or with the need to fund activity increases in the particular sectors most affected by the crisis. As noted in the Secretary-General's report (A/CONF.214/4), the Group of 20 (G-20) agreed to arrangements to increase the capacity of some international financial institutions to lend to countries in distress as a result of the crisis.

Unfortunately, the amounts agreed are not nearly enough to deal with even part of the more urgent developing-country requirements. Further, it seems to us, none of what was agreed has yet started to flow. Indeed, part of the G-20 agreements has caused additional stress for some developing countries: the opportunity was taken to reactivate the harmful tax competition initiative, publicly requiring a number of countries, including many in the Caribbean, to each conclude at least a dozen tax information exchange agreements. But this is a labour of Sisyphus: giving us a basket to back water, as we say in the Caribbean. Our limited staff is already fully stretched trying to deal

with the economic crisis, and there is more than a suspicion that the big countries with which we are required to conclude such agreements have no interest in, or intention of, facilitating our work.

We are thus to be hounded out of the successful business of providing international financial services when those diversification activities were neither the cause nor the consequence of developed-country problems.

Since the crisis was not of our making, and given the structural concerns that I mentioned, the first thing that we want is for developed countries urgently to reassess and restructure their bilateral assistance programmes to developing countries. The outcomes of many of the existing bilateral support programmes have been put at risk by the crisis, but it is in the interest of all of us not only to keep these programmes on track but expand them.

Allied to this is the need to enhance the capacity of the multilateral financing agencies in a manner that is at once focused and broad-based. As I noted earlier, the G-20 agreed a substantial increase in the volume of resources to be made available to the International Monetary Fund (IMF). The problem is that the Fund remains a trade-and-payments-supporting institution, with its interventions mainly directed towards addressing short- and medium-term balance of payments constraints. Its resources have never been and are not now generally directed towards providing fiscal and budgetary support. It is true that some countries need the traditional Fund assistance at this time. For most others, however, the key is to increase domestic activity in order to counter the declines in incomes and employment, and to expand physical and institutional infrastructure.

Thus, it is on the multilateral development institutions that we must concentrate. The World Bank and its private-sector arm, the regional development banks — the Inter-American Development Bank, the African Development Bank and the Asian Development Bank — and the subregional institutions — in our case the Caribbean Development Bank and the Central American Bank for Economic Integration — all need proportionately greater support than has been extended to the IMF. That is where critical mass is required to enable them to provide long-term resources for economic stimulation and for focused capacity-building efforts in individual developing countries. These development financing institutions have their track records, are fully familiar with the economic and social situation of their members and are best placed to help in the design and implementation of interventions targeted at areas of greatest need.

I want to make this point very clear: if further devastation in our developing countries is to be averted, specific arrangements for the flow of resources to our Governments, whether by way of grants or by way of soft loans, need to be put in place immediately. There is simply no more time.

I turn now to my second issue: what we need to do to ensure that a crisis like this does not recur. Clearly, issues of regulatory oversight contributed to the crisis. I do not wish to single out the United States, although the problem originated there and the deficiencies that need to be addressed are pronounced. But, of course, financial institutions based in Europe also found themselves in difficulties, pointing to flaws in their systems. Also, it is well known that the new United States Administration has been engaged in broad-based action to deal with the crisis at the domestic level.

In that context, we are all pleased to acknowledge the first major set of financial system regulatory reforms which were announced last week in the United States. I express the hope, first, that they will be implemented without being watered down and, secondly, that they will serve as a platform at the global level to produce a set of rules to which all countries would be subject.

It also seems to me that we cannot talk about worldwide financial overhaul without shining a light on the relationship between economic and financial system managers in developed countries on the one hand and the International Monetary Fund on the other. It is no secret that there is a world of difference between the IMF's consultation dialogues with developed countries on the one hand and with developing countries on the other. The Fund cannot prevent a country from putting itself into difficulties. But in relation to small developing countries, at least, Fund staff provide ample warning, and those warnings tend to become strident if corrective action acceptable to the Fund is not taken. The Fund seems less able to speak truth to power where the big countries are concerned, though. And the latter either do not receive, or ignore, requisite Fund strictures.

Because the clock cannot be turned back on the information and telecommunications revolution, and transactions involving securitizations and derivatives will continue to take place, financial-system assessments by the IMF will also now need to be an integral part of country consultations in the developed countries. The Fund will need to focus on risk, and Fund staff will need to develop a much closer working relationship with country financial-system regulators. By the same token, much more will be required of external auditors of financial institutions and of rating agencies.

The IMF will therefore need to be as measured, and as public, in its consultation dialogues with developed countries as it is with developing countries. And it must make its views on the quality of economic and financial management in individual developed countries known in clear and accessible terms. The issue is one of systemic risk, but small developing countries do not have the capacity to put the global system at risk; it is the large developed countries that do. Thus, those countries have an obligation to the rest of the world to be even more careful than others in the management of their economic, social and financial systems. Consequently, detailed IMF surveillance must be, and must be seen to be, even-handed.

There also needs to be greater and more effective global participation in the governance, management and operations of the international financial institutions. Thus, the leadership of the institutions should be selected on the basis of open and fair competition from among the nationals of members. There can be no justification for continuing the current practice whereby the President of the World Bank Group is appointed by the United States and the Managing Director of the IMF is appointed by the European countries.

Finally, global focus is now on development, and there has been tremendous change in the relative importance of developing countries in the global trading system. This, in turn, has to bring into question the continued relevance of the traditional role of the IMF as an institution focused on shorter-term balance of payments. After all, the bulk of its funding interventions are now in developing countries, and the preponderance of the issues with which it now grapples have to do with balancing fiscal prudence with development and structural transformation.

One consequence of this is that traditional quota-based lending to developing countries, particularly small ones, makes the volume of resources that can be made available trivial in relation to country needs. In this context, the argument that the Fund's seal of approval opens the way to lending by private institutions, so that large-scale lending by the Fund itself is not necessary, cannot wash. It ignores the terms and conditions on which such private resources are, even putatively, made available, and the notion is completely confounded when, as now, such commercial lending cannot be had at all.

Time has obviously run out, and the Fund must hereafter explicitly become a development-oriented institution, without sacrificing its ability to provide international liquidity when needed. A first step in that direction would be to link credit volumes to needs and capacity rather than to capital subscription and quotas.

Allow me to close by saying that the world appears to forget too easily the lessons of history. Misplaced financial euphoria, premised on the short term, on the quarterly performance of business firms and on speculative events such as the movement of share prices, will ultimately come to disaster. Booms are invariably followed by busts, and those that claim to have broken the cycle have been completely upended by current events. But the profit-takers have already seized the money and run. Sadly, the trail of human detritus left behind extends well into our Central American and Caribbean countries.

In a few days, I will return home, and I will face economic and social conditions that will have further deteriorated since I left to come here. It will be no different for my colleagues from the rest of the Caribbean Community. What do we tell our people? Do we tell them that we attended yet another dress rehearsal for a shadow play, another instalment in a drama of so-called progress that never actually takes place? No. Measurable advances must begin to happen after this meeting so that we can dislodge a growing conviction in our suffering nations. It is a conviction that the developed world listens but does not hear, speaks but does not act. This time, our cry from the heart must be answered and the faith with which we accepted integration into the global economy finally receive vindication.

The Acting President: I now have the honour of giving the floor to His Excellency Mr. Mirko Cvetković, Prime Minister of the Republic of Serbia.

Mr. Cvetković (Serbia): I believe that in this increasingly integrated global economic environment, the developing countries play an extremely important role, because their growth potential is by far larger than that of the developed countries, while, at the same time, the possible threat of social problems in the case of sharp economic downturn is higher.

For that reason, I am convinced that, now more than ever, direct investments in and financing for the developing countries should be supported, since economic recovery and increased living standards in those countries would create a realistic basis for a global growth in aggregate demand. That would allow for higher capital yields for investors and financial institutions, but at the same time would avoid serious unemployment and social protection problems caused by insufficient funding. The developing countries do not have the means necessary to finance economic recovery, so they expect the support of the international institutions and the developed countries.

However, the real-life situation that we encounter in Serbia, as a developing country, is quite different and is particularly worrisome: Serbia has experienced a drastic drop in foreign direct investment, which is both to be expected and understandable in the light of the global economic crisis. At the same time, loan conditions in the banking sector have deteriorated disproportionately, causing significant problems in the Serbian economy at the end of 2008. As in other developing countries, the Serbian banking sector is owned by the regional and global financial institutions. Due to the national bank's restrictive monetary policy, Serbian banks were not directly hurt by the financial crisis. The banking sector was highly profitable in 2008, as in previous years, and actually much more profitable than in the countries of origin of the largest banks.

Since the beginning of the global economic crisis, Serbia has witnessed continuous interest rate growth, despite a considerable decrease in the basic interest rates of the European Central Bank and the fact that the loan default rate in Serbia remains extremely low. At the beginning of 2009, the Government of Serbia intervened with interest rate subsidies, thus re-establishing real sector liquidity. At the same time, we carried out a comparative analysis of interest rates offered by foreign banks in Serbia and in their countries of origin. The results of this analysis showed that margins in Serbia are up to seven times higher than in the banks' countries of origin; this is in no way proportionate to the associated credit risk level.

The consequences of this practice, which I believe also exists in other developing countries, is a decrease in the competitiveness of the domestic industry on the global market, leading to a drop in economic activity in those countries that should be fuelling global economic recovery.

There should be a more even distribution of the burden of the financial crisis between developed and developing countries on the basis of joint responsibility. Sustained development of developing nations should be financially supported with interest rates that reflect the actual risk level in those countries. That is why I would like to draw the attention of participants to the financing policies of the developed countries as a possible threat to economic recovery. Economic interdependency shows that funds provided by international banks are necessary to fuel the growth of developing countries, but associated loan conditions should not jeopardize their prospects for economic growth.

In that regard, global cooperation and adequate international regulation are of crucial importance, not only in the area of trade but also in the financial sector. The current economic crisis has again confirmed the need to strengthen the international financial architecture and global economic management mechanisms in order to ensure greater coherence and consistency and a more efficient global system of financial regulation.

The Acting President: I now give the floor to His Excellency Mr. Nikola Špirić, Chairman of the Council of Ministers of Bosnia and Herzegovina.

Mr. Špirić (Bosnia and Herzegovina) (*spoke in Bosnian; English text provided by the delegation*): At the outset, let me express my gratitude to the President for convening this extremely important meeting on the current dangerous challenge we all face. The United Nations should be seen as the most important forum for solving all global problems, especially those with such an impact on world affairs. There is no better place where all countries — big or small, developed or developing, rich or poor — can address all their

concerns, share best practices and lessons learned and find the best solutions.

The world economy of the twenty-first century is different from the economy we had just several decades ago. The rate of change is increasing exponentially. Many events have an almost immediate effect on our economies. Many players in the market, namely, States, companies and even individuals, possess enormous reserves that can dictate the value of various currencies, commodities, bonds, stocks and other elements. Also, there have never been so many options for speculation and profit-taking, which can lead to significant downturns in even the world's most powerful economies.

The innumerable new links, transactions and trade options between investors and markets make it almost impossible for the current regulatory mechanisms to track every irregularity. The new economy needs new mechanisms and regulations and much more transparency. All countries, but especially developing ones and the most vulnerable, need more predictable circumstances and more stable conditions to enable growth, development and prosperity.

There is no greater threat to global peace and stability than the current financial and economic crisis. If we miss the opportunity to address this issue urgently and decisively, it could have devastating consequences. Without prompt action, it is just a matter of time before this becomes a social and political crisis. Today's world is so interconnected and interdependent that a significant downturn in one part of the world, especially in developed countries, can cause an economic meltdown and collapse in even very remote areas in just a matter of days. The crisis we are discussing today has spread with such speed and affected the whole world in a way that would have been unimaginable just decades ago.

Needless to say, throughout history, the world's economic problems have been inseparable from political disputes, conflicts, revolutions and wars. It is hard to find a modern-day conflict that does not have at least some economic underpinnings. We do not need quick-fix measures that superficially resolve the crisis in the short term but leave the underlying causes virtually untouched. Such an approach could lead us towards new and even worse crises in the near future. We need a comprehensive analysis to diagnose the reasons for the imbalances that triggered the crisis. Ultimately, we need to establish mechanisms effective enough to create an early warning system to enable the world to react robustly and appropriately. We also need an adequate tool to intervene in the market as appropriate. We have to make every effort to prevent greed and irresponsible policies from pushing huge numbers of people into poverty.

Furthermore, I would like to underline that protectionism is not the answer. It would just worsen the global economic situation and negatively influence international relations in general.

Many countries, even those implementing the most prudent and cautious economic policies, are unable to avoid a downturn in their economies. The global crisis cannot be solved at the national level. It requires a global solution. For many years, we have heard in various forums that developing and least developed countries must ensure good governance at home as the main prerequisite for success. I could not agree more. But, although most countries without good governance are harming their own people, they have very limited influence on others. However, when a severe crisis or economic imbalance occurs in the most powerful countries, the result is extreme volatility on the world market, which can include a sudden meltdown or huge appreciation in the price of key foreign currencies and commodities. Those events can have tremendous impact on every country. That is the reason that the strongest economies of the world have to show special responsibility before the world.

Bosnia and Herzegovina is a small country with an economy in transition. We enjoyed steady and significant growth in our gross domestic product during the post-conflict period, our banking system has not absorbed toxic assets and our foreign debt is relatively small. On the other hand, the global crisis has contributed to a drop in our exports and a rise in the unemployment rate. In addition, there has been a plunge in remittance inflows from Bosnians abroad. Lower foreign direct investment will also hurt our economic performance throughout 2009. Without global recovery, it will be very hard, or even impossible, to improve those economic indicators.

I would like to take this opportunity to express my concern about the absence of a regional European approach to resolving this issue. I am almost certain that, just like any other State, Bosnia and Herzegovina alone will not be able to address the challenges posed

by the economic crisis. It is for that reason that I have launched an initiative at the Regional Cooperation Council secretariat, which is headquartered in Sarajevo, to establish an investment bank for South-Eastern Europe. Taking into consideration the economic challenges the countries of the region face and the European Commission's announcement that the new strategy for the countries of South-Eastern Europe will consider economic development and regional cooperation through joint projects priorities as a priority, I believe that this is the right time to launch such initiative.

At the Millennium Summit in 2000, we made a firm and noble commitment, among other things, to fight and halve poverty, contain diseases such as HIV/AIDS, tuberculosis and malaria, reduce maternal and under-5 child mortality, develop and implement strategies that gave young people opportunities to find productive work, protect our common environment and meet the special needs of Africa. The new millennium began with great hopes and expectations. Unfortunately, just a few years after the Summit, the world has faced energy and food crises and the most serious meltdown of the global economy since the Great Depression.

The economic downturn will take its toll. More than a year ago, when we reviewed the progress made towards achieving the Millennium Development Goals, many countries were lagging behind, especially in sub-Saharan Africa. The global economy was growing at an annual rate of 4 per cent at that time. Now, for the first time since the Second World War, the global economy is contracting. The collapse in commodity prices and in foreign trade is hurting the poorest and most vulnerable countries, pushing them further into poverty and erasing most of the progress they had made. Needless to say, without immediate and decisive action, a thorough analysis of the root causes of the crisis and appropriate measures, the progress achieved in recent years could be severely jeopardized.

Transparency in international and national financial institutions, with new policies adjusted in such a way as to better serve and assist the least developed and developing countries, is of paramount importance. The very same transparency that the international community urged and advocated in my own country during the process of the post-war rebuilding of our economy is needed. New mechanisms must be created, and the readiness of global institutions and funds to promptly and effectively intervene must be significantly upgraded. We need more high-level and expert follow-up conferences and meetings in the months and years to come in order to assess both the progress made and the remaining obstacles. We must continue to listen to one another, to express our national and global concerns and to learn from each other.

The Acting President: I now have the honour to give the floor to His Excellency The Honourable Tillman Thomas, Prime Minister of Grenada.

Mr. Thomas (Grenada): My delegation wishes to associate itself with the statement made by my colleague on behalf of the Caribbean Community (CARICOM).

I meet with fellow participants today with mixed emotions. On the one hand, the financial and economic crisis has presented many challenges for our small States. On the other hand, I am pleased to be participating in this historic Conference as we seek solutions to address the impact and implications of this crisis on our development. Indeed, the very survival of my country, Grenada, and of the other Caribbean small island States is particularly threatened due to economic fragility, as we are already experiencing the harmful effects of this crisis.

It is in this vein that we welcome this initiative by the President of the General Assembly to address this issue of grave importance to my country, my region and the whole world.

We have come together to raise our collective understanding of the impacts of this multidimensional crisis and to contribute to the fashioning of a global response with well-coordinated and inclusive policies and actions at the global, regional and national levels.

In Grenada's case, our recovery from two devastating hurricanes within the past five years has significantly disrupted our ability to attain many of the Millennium Development Goals. This crisis, along with the earlier food and fuel crises, further exacerbates our already fragile economic situation.

Our challenges are reflected in the following developments. For the first four months of this year, customs revenue, which normally accounts for more than 50 per cent of all Government revenue, fell by 25 per cent. There has been a major slowdown in foreign direct investment, with most of the large

tourism development projects, valued at approximately $700 million, having virtually ground to a halt. Stay-over tourist arrivals are on the decline, by as much as 20 per cent.

The crisis fell upon our country at a time when it was already burdened by a huge public debt. With a ratio of debt to gross domestic product (GDP) of 107 per cent, Grenada stood among the most heavily indebted economies in the world. Moreover, Grenada enjoyed very little fiscal space to pursue its socio-economic objectives.

A recent study commissioned by the Caribbean Development Bank and the Government of Grenada revealed that the rate of poverty stands at 37.3 per cent, as compared to 32.1 per cent in June 1998. Moreover, the study revealed that a cumulative total of 52.3 per cent of the population is categorized as vulnerable, poor or indigent. The local economy is projected to contract by 0.5 per cent in 2009.

The crisis threatens to increase our debt burden and to have a negative impact on the debt sustainability of our small States. Even where we have, within our limited resources, attempted to establish fiscal measures to mitigate the impact of the crisis, these measures have proven to be insufficient, if not inadequate. Although Grenada is considered to be a middle-income country, these indicators show that the crisis is plunging the country into widespread poverty, reversing the economic and social gains made over the past two decades.

My Government also recognizes that the full impact of the crisis has not yet been felt. We anticipate more declines in tourism, as the economic downturn has not fully played out. We expect declines in tourism and remittances from North America and Europe. While we have recognized these setbacks as significant challenges to our economic development, we have taken some steps to ease the impact of the crisis on our people.

Unless there is full recovery in the North, our dependent economies will continue to decline. Further, we are also concerned that our 2009 Atlantic hurricane season has only just begun. Our experience shows that each year the intensity, severity and unpredictability of these storms have increased, which adds to the anxiety of my population.

In the light of these challenges, my Government undertook a modest stimulus package which, however, was dwarfed by the overall need and financial gaps. It is my Government's position that, while the world has changed drastically over the years, old financial rules of accessing financing have remained, thus placing the developing countries in the position of being borrowers at a significant disadvantage.

It is my Government's view that an adequate response to the global financial crisis requires increases in financial resources, accompanied by the restructuring of our international financial institutions, improved regulation and better governance.

It is Grenada's position that the time has come for the United Nations to embark upon a more prominent role in reforming and restructuring the global financial system. We believe that there is a need for a new financial architecture with a stronger regulatory framework in order to protect our global societies and secure a better future. In addition, the global economy needs better surveillance and monitoring mechanisms to identify economic and financial threats on the horizon.

Mr. Yáñez-Barnuevo (Spain), Vice-President, took the Chair.

My Government calls on the multilateral institutions to come up with ways for reducing the debt of developing countries and allowing them to achieve debt sustainability. That is the only way we will be able to reduce our debt-to-GDP ratio and at the same time provide the fiscal space to realistically service our debt and provide much-needed services to our populations.

In closing, I would be remiss if I did not highlight the special plight of the small island developing States, which are facing, simultaneously, the vicissitudes of climate change and the global economic downturn. They are uniquely vulnerable and require special attention.

We hope that as the United Nations responds to this crisis with, inter alia, a massive global fiscal stimulus, a large portion will be invested in creating green jobs and spurring green growth. That will, at the same time, protect our environment, our peoples and our future generations. In the end, even against apparently insurmountable odds, we dare to hope that we will remain convinced that our collective effort will

represent our best effort, which will lead the way to triumph.

The Acting President (*spoke in Spanish*): I now have the honour to give the floor to His Excellency Mr. Alexey Kudrin, Deputy Prime Minister and Minister of Finance of the Russian Federation.

Mr. Kudrin (Russian Federation) (*spoke in Russian*): At the outset, allow me to express my gratitude to the President of the General Assembly for his efforts in organizing the Conference and to wish us all productive work in coordinating efforts by peoples and States to effectively counteract the economic crisis, which is unprecedented in its scale, and in promoting the goals of sustainable development, progress, peace and security.

Today, we are facing a qualitatively new geopolitical situation and a crisis that has affected us all. There is a clear need to reject standard approaches. When we adopt extreme measures, we must also look at the strategic challenges, the creation of a new, fairer and more transparent international financial and economic system, based on all of us taking into account the interests of all countries. We must reach a consensus on reform of the global financial and economic system. That is what our peoples, who, through no wish of their own, find themselves at the epicentre of this economic and financial upheaval, expect of us.

The causes of the crisis were the growing imbalance in the global economy and soft credit policies that created shortcomings, and gaps in the national systems that regulate the financial markets.

We have witnessed capital flows from developing countries and markets to developed ones, and it must also be pointed out that part of that capital flow was aimed not at investment but at covering budgetary deficits and current needs in developed countries. The level of household savings in countries such as the United States and the United Kingdom has been quite low for many years, and, towards the middle of this decade, it was zero. It is clear that, even in the developed economies, we cannot forever spend more on consumption than we have in terms of income. To emerge from this crisis we must not repeat that model. So, many standard approaches or institutions must be changed considerably.

As has already been said today, the first green shoots of an improvement in the global economy have not changed any fundamental indicators, so we cannot yet talk about strong trends in terms of emerging from the crisis. There are still serious concerns about the flow of capital from developing countries and from countries in transition. In comparison with capital flows of $1.5 trillion in 2007, this year we expect only $365 billion dollars. The demand for debt refinancing and additional refinancing in developing countries and developing markets can range from $268 billion to $700 billion, according to World Bank data. That means that we need institutions that can respond to such capital flows. We must create a system of protection from shortfalls in resources. In that regard, our main challenge is to see that we have sufficient resources to emerge from the crisis at the global, regional and national levels.

After the Asian financial crisis in 1997-1998, I remember that a format for cooperation on the part of the G-20 finance ministers was set up for closer coordination of the efforts of the biggest economies to counteract the crisis. New approaches to be observed by all countries were set up, macroeconomic and fiscal balance policies were imposed and the countries themselves were given the responsibility of addressing the crisis.

In this current crisis, of course, we are facing still bigger challenges that are new, which has led to a strengthening of the G-20 format. It is also important that we should meet today in this Conference, since we must devise various formats for our combined efforts. We cannot just concentrate ourselves in one area. In the Commonwealth of Independent States, for example, we have the Eurasian Economic Community. Last week, there was a meeting of the leaders of Brazil, Russia, India and China — the BRIC countries — and all those efforts must now seek a solution to this crisis.

Given the current crisis, we must develop general rules that are binding on all countries, including those in the leading economies, whose financial policies affect our countries. Such coordination must be implemented as we emerge from the crisis as well as in the follow-up period. Therefore, it is now important to continue all efforts within the Bretton Woods institutions, the recently re-established Financial Stability Institute and the Basel Committee. It is important to coordinate the efforts of countries at the regional level.

We must also set up a new sustainable global monetary system that would allow the participation of the different currencies and ensure sustainable development for all. We believe that the parameters for a new global financial architecture must be enshrined in international conventions and treaties. Only then will it be a legitimate system that enjoys the trust of the entire international community. Otherwise, at some time in the future, we will inevitably encounter a repetition of this crisis.

In that regard, we support the initiatives, in particular those of Germany and Italy, aimed at codifying and standardizing the principles of a sustainable global social, economic and financial order that would define the framework for a package of universal agreements that would establish the rules for a new model of supranational regulation and standards for responsible and rational economic and financial policies at the national level. We are prepared to actively participate in those efforts.

As part of the follow-up work, we must endeavour to make the international financial institutions more independent and more representative, to develop new steps and approaches and to have the necessary resources. We are pleased to note that that is reflected in the draft outcome document of our Conference. It is extremely important that the decisions of this United Nations Conference should be fully legitimate, accepted by the entire international community and aimed at seeking common ways of bolstering international cooperation. We fully agree with the provisions of the outcome document with regard to undertaking further measures to overcome the crisis.

We welcome what is set out in the draft outcome document, emphasizing the importance of adequate and timely international support for anti-crisis measures by developing countries. It is extremely important that, in the context of the economic and financial crisis, the donor community should reassert its commitment with regard to assistance to developing countries. Therefore, I support the proposal of Secretary-General Ban Ki-moon to meet the financial commitments made at Gleneagles and to strengthen our efforts in that regard. Thus, Russia supported the new mechanism of the World Bank for greater support to the most vulnerable countries and sectors in that crisis and, a month ago, made additional contributions to the level of $100 million.

Despite the global economic and financial crisis, Russia reaffirms its commitment to help developing countries. Since last September, we have given neighbouring countries $4.6 billion in support. Together with the countries of the Eurasian Economic Community, we have established an anti-crisis fund of $8.5 billion, to which the Russian Federation has contributed $7.5 billion. We are also ready to provide $10 billion in additional resources to the International Monetary Fund as a result of decisions taken by the G-20 to assist needy countries.

Anti-crisis efforts at all levels must have a clearly defined social component. It is very important that the outcome document send a clear message in that respect. I would stress in particular that social protection is our top priority in responding to the crisis. It is also important that we agree among ourselves to join and build on efforts being made in other multilateral formats. Further work on the Conference outcome will require serious intellectual and expert support, to which an important contribution has already been made by the Commission of Experts of the President of the General Assembly on Reforms of the International Monetary and Financial System, led by Mr. Stieglitz. We look forward with interest to the results of the Economic and Social Council's consideration of the creation, within the United Nations framework, of an independent panel of experts on the global financial and economic crisis and its impact on development.

The solid structure of the United Nations has survived all the upheavals of the second half of the twentieth century. It saw us through the threat of global confrontation and allowed us to disseminate the values of human rights and to strengthen the principle of mutual respect and good neighbourliness among States. We created an international development agenda. Humankind has no alternative but to build, together, a more hopeful, just and prosperous world order. That is our duty to future generations. In that great endeavour, we are best assisted by those proven institutions that, like the United Nations, for more than 50 years have made decisions of importance to the entire world. I hope that our Conference will make a significant contribution to overcoming the crisis.

The Acting President (*spoke in Spanish*): I now give the floor to His Excellency Mr. Thongloun Sisoulith, Deputy Prime Minister and Minister for

Foreign Affairs of the Lao People's Democratic Republic.

Mr. Sisoulith (Lao People's Democratic Republic): At the outset, let me express, on behalf of the delegation of the Lao People's Democratic Republic, my sincere appreciation to the President of the General Assembly for convening this historic and timely Conference on the World Financial and Economic Crisis and Its Impact on Development.

What started off as a financial crisis in developed countries has now become a global economic crisis that has spread to all regions of the world, with serious human and social impacts. While developing countries are the least responsible for the crisis, they are nonetheless the most severely affected, bearing the brunt of its impact as the financial and economic crisis turns into a human and development calamity. This will undoubtedly impede the developing countries' efforts to attain the internationally agreed development goals, including the Millennium Development Goals (MDGs).

These global problems unquestionably demand a concerted, coordinated and comprehensive global response. Decisive, coherent and urgent actions are needed to alleviate the impact of the crisis on developing countries and help them restore growth and maintain their progress towards the MDGs. We must ensure that the existing bilateral and multilateral commitments to official development assistance are fulfilled, the promised commitments to financing for development are implemented, and aid-for-trade levels are sustained.

The crisis underscores the importance of a successful completion of the Doha Trade Round and reminds us of the need to avoid protectionism. It is therefore essential to ensure that the recovery programmes of developed and developing countries alike are complementary and reinforce global recovery, and that national stimulus packages do not impose short-term or long-term costs on trading partners, in particular the developing countries. To help mitigate the impact of the crisis, substantial additional funding should be made available to developing countries, especially the low-income countries.

Moreover, the financial and economic crisis underlines the urgent need to restore financial stability and ensure the continued functioning of the financial markets. To better respond to the current crisis and lessen the likelihood and impact of future crises, the international financial institutions should be reformed. In this regard, we welcome the recommendation that credible, representative and effective mechanisms for macroeconomic coordination should take into account the interests of all countries.

The Lao People's Democratic Republic supports the role of the United Nations in developing a global consensus concerning actions that must be taken to find sustainable solutions to the crisis. We earnestly hope that the international community will not miss this landmark opportunity to adopt the outcome document and ensure the follow-up and effective implementation of the measures proposed therein.

Like other countries, the Lao People's Democratic Republic has been adversely affected by the crisis. The growth of the national economy has slowed, as reflected in the reduction of key export products, increased pressure on the fiscal deficit and a surging balance of payments due to the sharp decline in commodity prices on the world market. Likewise, foreign direct investment inflow and the tourism industry have also been affected. To mitigate the impact of the crisis and stabilize the economy, immediate and long-term measures have been adopted with a view to preventing economic slowdown and maintaining social stability.

The Lao People's Democratic Republic also attaches great importance to strengthening regional financial cooperation. We believe that better coordination on financial and trade policies among countries of the region will make their economies more resilient to external shocks and bad spillover effects. In this context, we welcome the agreement by the finance ministers of the Association of Southeast Asian Nations and of China, Japan and the Republic of Korea to increase the size of the Chiang Mai Initiative, a multilateral regional swap arrangement.

In conclusion, I would like to reaffirm the commitment of the Lao People's Democratic Republic to enhance international cooperation in overcoming our common challenges. Only through such an effort will we be able to prevail over the impact of the current global crisis and achieve our shared development goals.

The Acting President (*spoke in Spanish*): I now give the floor to Her Excellency Ms. Susan Rice, member of the Cabinet and Permanent Representative of the United States of America.

Ms. Rice (United States of America): I am honoured to join other participants here today at this Conference on the World Financial and Economic Crisis and Its Impact on Development. The United States has placed the highest priority on this issue, which we all have a stake in addressing with seriousness and dedication. Much hard work and countless hours have gone into preparing the Conference. Let me join other delegations in offering sincere thanks to the co-facilitators — the Permanent Representatives of the Netherlands and of Saint Vincent and the Grenadines — for their tireless management of this process, and to all who have dedicated themselves over recent weeks to seeing a successful outcome.

President Obama understands that our collective response to this crisis will make up an important moment in world history. Just a few weeks ago, in Cairo, he noted that we "have a responsibility to join together on behalf of the world we seek". That is our goal here today: to join together and continue the important work of creating that world.

The subject that we are here to address is of deep matter to us all. We understand that this Conference is particularly important for addressing the needs of the world's most vulnerable populations. It offers a truly global platform to discuss how the financial crisis has affected all countries, and it gives us all a chance to exchange views on how to respond.

The United States is here to participate in this important conversation: to listen, to exchange, to work with participants in a spirit of cooperation. We recognize that many countries around the world, especially the poorest and most vulnerable, are struggling to manage and respond effectively to the crisis, and we are working in many venues to address its causes and its consequences.

The United States supports multilateral efforts to increase the coherence of economic, social and sustainable development policies around the globe. Several global and regional forums now further address that goal, such as the General Assembly, the Commission on Sustainable Development, the Commission on the Status of Women, the Annual Ministerial Review of the Economic and Social Council, the Group of Eight, the Group of 20 (G-20), the Development Committee of the World Bank and the International Monetary and Financial Committee of the International Monetary Fund (IMF). Each of those organizations has its own strengths and mandate, and all enjoy representation from both developing and developed countries.

The universal membership and well-institutionalized intergovernmental process of the United Nations give the Organization a unique advantage in responding to many dimensions of the crisis. Our dialogue here should focus on finding practical ways to mitigate the development consequences of the current crisis and to see the United Nations perform its crucial development roles with new urgency. The United Nations is a unique forum, where all voices — small and large countries alike — can be heard.

We also believe that we should use every instrument at our disposal to tackle different dimensions of the crisis. We are working through the G-20, for example, to coordinate policy and build consensus, as part of an overall strategy for addressing the worst economic and financial crisis the world has seen in decades. We have done so with participants from developed and emerging economies from all regions, and we have already seen considerable success.

One of the most important results of this Conference should be to increase mutual understanding and communication, not only between the United Nations and the G-20 but also among the many organizations working on the global response to the crisis. Beyond that, the United States understands that we have an economic, security and moral obligation to extend a hand to the countries and the people who face the greatest risks today. That is why we have supported substantial increases in resources to boost the emergency lending capacity of the IMF. That is why we have backed increases to help regional development banks accelerate lending of their own.

These are challenging times, but the United States remains committed to substantially increasing our own official development assistance, despite the fiscal impact of the current crisis. We will also support new and meaningful investments in food security, investments that will do much to help the world's poorest and most vulnerable.

The United States recognizes that we, along with others, bear a share of responsibility for the current crisis. But, as President Obama has noted, we need not

choose between a chaotic and unforgiving form of capitalism and oppressive State-run economies. As he put it, "That is a false choice that will not serve our people or any people". We must look to the future, not to the past. We must work together to restore the sustained growth that can come only from open and stable markets that harness innovation, support entrepreneurship and advance opportunity for all.

The United States hopes that this important Conference will adopt the pragmatic and practical tone and approach that can help us achieve our shared vision of a better future. The United States stands ready to help lead global efforts to create new jobs and sustainable growth and development. As President Obama has said, together we can learn the lessons of this crisis and forge a prosperity that is enduring and secure for the twenty-first century.

The Acting President (*spoke in Spanish*): I now give the floor to Her Excellency Ms. Helena Bambasová, Deputy Minister of Foreign Affairs of the Czech Republic.

Ms. Bambasová (Czech Republic): I have the honour to speak on behalf of the European Union. The candidate countries Turkey, Croatia and the former Yugoslav Republic of Macedonia, the countries of the Stabilisation and Association Process and potential candidates Albania and Montenegro and the country of the European Free Trade Association Liechtenstein, member of the European Economic Area, as well as Ukraine, the Republic of Moldova and Armenia, align themselves with this statement.

This Conference is taking place under circumstances that are difficult for all of us. All countries are severely affected by the global economic and financial crisis. The economic and social progress achieved in many of the developing countries during recent decades, in particular on the Millennium Development Goals (MDGs), is being threatened. Millions of people are falling back into poverty and hunger. Coordinated initiatives with and for developing countries must be part of the solution to the crisis, as they will contribute to poverty reduction and global economic and political stability.

As part of the global initiatives to fight the crisis, the European Union (EU) is firmly committed to taking comprehensive, timely, targeted and coordinated action to support developing countries, especially the poorest and most vulnerable ones. To ensure a fair and sustainable recovery for all, the EU recognizes its commitments to support developing countries in meeting the MDGs. The EU will take targeted, counter-cyclical measures aimed at protecting the most vulnerable countries and groups and at sustaining economic activity and employment, with particular attention to the private sector and productive capacity. The EU will also improve the effectiveness of its aid based on the principles outlined in the Accra Agenda for Action, work together for governance, stability and gender equality, and promote an open global economy and more efficient and inclusive global institutions.

We need to get back on track with the implementation of the MDGs and identify means to further accelerate the achievement of these important goals, for example private sector-led growth. The EU encourages developing countries to elaborate, in the context of their national development strategies, national response plans to the financial and economic crisis, in consultation with civil society and with the private sector. The EU will review, as appropriate, its respective development cooperation programmes and activities on the basis of the priorities of partner countries.

Emphasizing the responsibility and ownership of partner countries for their own development, the EU will step up support for their efforts to mobilize domestic resources for development, including by improving public financial management, including gender-responsive budgeting, and the soundness and effectiveness of their tax and customs systems. The EU will also support developing countries in creating an enabling business environment in order to attract foreign investment. The EU underlines the importance of the concept of corporate social and environmental responsibility.

We call upon donor countries to reaffirm their commitment to supporting developing countries in meeting the MDGs and to achieving their respective official development assistance (ODA) targets made in the Millennium Declaration, in the Monterrey Consensus, at the 2005 World Summit, at the G-8 summit in Gleneagles, in the Doha Declaration on Financing for Development and, most recently, at the G-20 London Summit. In the light of the ongoing crisis, the fulfilment of all ODA commitments is even more crucial. The EU's collective ODA increased in 2008, reaching more than €49 billion and 0.4 per cent

of gross national income, and we will continue our efforts.

The EU will take targeted social protection measures in a gender-sensitive way and support action by developing countries to cope with the direct social impact of the crisis through the creation and strengthening of social protection systems and programmes, including the enhancement of financial and in-kind transfers. In the context of the current crisis, we have launched the preparation of the Vulnerability FLEX mechanism for delivering further support for African, Caribbean and Pacific countries in 2009 and 2010, which would support the most vulnerable and, within the agreed financial framework, provide added value in relation to existing instruments, while ensuring alignment with ongoing aid effectiveness processes.

The EU recognizes the crucial importance of revitalizing agriculture in the context of the current food and economic crisis. In reviewing existing strategies and support programmes, the EU will strive to ensure continued support for and increased investment in agriculture and food security, with particular attention to small-scale farmers, and will take into account the crucial role of women.

The EU also underlines the importance of the ongoing work on the proposed global partnership on agriculture and food security, in close collaboration with relevant international food and agriculture organizations and in the context of the G-8.

The EU will work with regional organizations and the private sector to align investments in support of transport and trade infrastructure for agricultural products, linking markets and production areas, with particular attention to small farmers. Well-targeted and effective funding for aid for trade is needed more than ever to help developing countries to recover quickly, and the EU will continue implementing its 2007 Strategy on Aid for Trade in all its dimensions, including on annual financial commitments.

However, it is not just a matter of volume. The quality of aid for trade will be as important as quantity in enabling developing countries to rebound successfully from the present downturn. We consider it of utmost importance that, in coping with the crisis, developing countries be encouraged and assisted to follow a sustainable development path.

In view of the challenges posed by climate change to developing countries, the European Union remains committed to playing a leading role in bringing about a global and comprehensive climate agreement in Copenhagen in December 2009. The European Union recalls the major target of the universal mobilization to keep the global average temperature growth below 2 degrees and its commitment to reducing its own emissions level by 30 per cent, provided that other developed countries do the same and that advanced developing countries contribute adequately to their capacities.

Significant domestic and external sources of financing, both private and public, will be required for financing mitigation and adaptation actions, particularly in the most vulnerable developing countries. The European Union will take on its fair share of financing such actions in developing countries.

The EU underlines the need to ensure that all initiatives taken to ensure financial stability, renewed growth and job creation promote a green recovery, putting economies on a low-carbon path in the medium to long term, with a view to achieving reductions in carbon emissions in line with recommendations from the scientific community.

The EU, in this context, supports the calls by the Secretary-General, the United Nations Environment Programme (UNEP) and the United Nations Development Programme, among others, to ensure that the stimulus packages and policy measures under way promote a sustainable post-recession global economy. The concept of a green New Deal, promoted by UNEP, is important in this respect.

The EU is in favour of a key role for the United Nations in the efforts to help developing countries tackle a variety of global social, economic, financial and environmental challenges and foster sustainable development in all its dimensions. The United Nations capacity to deliver as one should be strengthened, as recommended by the High-level Panel on System-wide Coherence. The coherence and coordination of policies and actions between the United Nations, the international financial institutions and the relevant regional organizations should be strengthened. We call on the United Nations, working with other global institutions, to establish an effective mechanism to monitor the impact of the crisis on the poorest and

most vulnerable. We support the recent agreement of the United Nations System Chief Executives Board for Coordination on nine joint initiatives and call for their swift development and implementation.

The EU remains fully committed to swiftly reaching an ambitious, balanced and comprehensive agreement on the World Trade Organization (WTO) Doha Development Round, which should contain elements of real value to developing countries, particularly the poorest. Given that the prospective outcomes of the WTO Doha negotiations indeed contain a substantial development dimension, we urge all negotiating partners in the WTO to redouble their efforts towards this goal.

World trade, investment and financial stability are essential to restoring global sustained growth. The EU therefore welcomes the G-20 agreement reached in London in April this year, to which it substantially contributed. The agreement contains pledges to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing WTO-inconsistent measures to stimulate export, and to promptly rectify such measures until the end of 2010. It aims to ensure availability of at least $250 billion over the coming two years to support trade finance through export credit and investment agencies and through the multilateral development banks.

The agreement also aims to substantially increase resources for the international financial institutions in order to boost their capacity to help countries in need in such areas as social protection, trade financing and infrastructure. It calls on multilateral development banks to make full and exceptional use of their balance sheets to create further capacity for lending to meet crisis needs, and to increase access for low-income countries to concessional lending from the International Monetary Fund, using additional resources consistent with the Fund's new income model.

On the reform of mandates, the agreement calls for the scope and governance of those institutions to reflect, among other things, the changes in the world economy and the new challenges of globalization so as to ensure a greater voice and representation for emerging and developing countries, including open, transparent and merit-based top-management selection processes. The agreement also calls for efforts to find consensus on a charter for sustainable economic activity, taking into account ongoing discussions in other international forums.

Swift delivery on agreed commitments is crucial. The EU will continue to play its part to promote global financial stability and sustainable world recovery. The crisis has revealed the importance of strengthening our commitment to standards of propriety, integrity and transparency. We believe that, building on existing initiatives, a set of common principles and standards for the conduct of international business and finance needs to be developed in order to ensure a stable growth path.

The EU welcomes the outcome of the 26 April 2009 World Bank Development Committee meeting, in particular the statement on measures to help developing countries respond to the crisis and the agreement to accelerate work on the second phase of the Bank's governance reform, with a view to reaching agreement by the spring of 2010.

We believe that the United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development is a very important event in coping with the crisis. I would like to assure the General Assembly that the European Union will do its utmost to make it a success.

The Acting President *(spoke in Spanish)*: I now give the floor to Her Excellency Ms. Ngozi Okonjo-Iweala, Managing Director of the World Bank.

Ms. Okonjo-Iweala (World Bank): I want to start by thanking an unsung group of heroes and heroines here: the interpreters. I thank them very much for what they do.

I would also like to thank the President for convening this important and timely Conference. His leadership and commitment to providing yet another forum in which all peoples can express their views, exchange ideas and define solutions so that we can confront and surmount the challenges arising from this unprecedented financial and economic crisis are appreciated. I also thank the co-facilitators for the staggering amount of work that has brought us here today, as well as the Secretary-General for hosting this event at Headquarters and for his continued commitment to the cause of development as a crucial component of the United Nations principal mandate in the maintenance of peace and security.

We are gathered here today at an important moment, in which the international community as a whole is called upon to show solidarity, compassion, resolve and action. To set the stage, I would like to quote President Roosevelt at the opening of the Bretton Woods Conference in 1944:

> "Economic diseases are highly communicable. It follows, therefore, that the economic health of every country is a proper matter of concern for all its neighbours."

In this globalized world, we all are neighbours and we are all connected. What happens in one part of the world is felt in many others. It is no longer feasible to hide behind artificial walls and pretend we can survive on our own. We are linked together, and therefore we must act together.

We have all witnessed how the global economic situation has deteriorated sharply over the past year. What began with turmoil in selected segments of the financial markets of advanced economies has turned into one of the sharpest global economic contractions in modern history. As it spreads and deepens, it is morphing into a global human and development crisis. As all that may seem very abstract, let me give the Assembly some indicators.

Our latest forecasts at the World Bank suggest that developing country growth will reach only 1.2 per cent in 2009, as compared to 7.7 per cent in 2007. If it persists, the slowdown threatens the enormous gains in incomes and living standards that have occurred across broad segments of the developing world over the past decade.

The reversal of capital flows, the collapse in stock markets and the general deterioration in financing conditions have brought investment growth in developing countries to a halt. Investment is also declining sharply in many developing countries. Net capital flows into those countries fell to $700 billion in 2008, from $1.2 trillion in 2007, leaving a large financing gap.

The crisis-related growth slowdown in developing countries implies that in 2009 there are an estimated 55-90 million more extremely poor people — defined as living on less than $1.25 a day — than were expected before the crisis. In sub-Saharan Africa and South Asia, where the bulk of the world's poor live, the growth slowdown virtually eliminates any prospect for continued reductions in the poverty count in 2009. In those regions, rising poverty can be expected in some of the more fragile and low-growth economies, which may experience declines in per capita incomes.

While the full effects on labour markets in the developing world are only slowly emerging, there is growing evidence of the impact. Particularly worrisome are signs that the jobs being lost in many developing economies are "good" jobs that were created in productive, and sometimes export-oriented, sectors.

Twenty-eight out of 38 developing countries reported double-digit drops in nominal exports in December, as compared to a year ago. In countries such as Indonesia, Turkey, South Africa and Chile, exports dropped 20 per cent or more in the first quarter of 2009. For example, Malaysia reported a 24 per cent drop in exports during the same period. Those declines mean job losses.

As has been mentioned in earlier statements, the International Labour Organization estimates that, under the most pessimistic scenario, global job losses could reach 51 million. That number is likely to increase as forecasts are revised.

Many people are already out work, including 100,000 workers in the Democratic Republic of the Congo as a result of mine and smelter closures and 30,000 workers in Cambodia who have been laid off from the garment industry. High unemployment rates, especially among young workers, have led to protests in countries as varied as Latvia and Chile. Using the $1.25-per-day poverty line, World Bank estimates suggest that over 93 million additional workers are expected to be categorized as working poor, with 47 million in South Asia and 24 million in sub-Saharan Africa.

My point is simply this: We are in the midst of a development crisis of immense proportions. With the world already off track on most of the human development indicators, the global crisis threatens further setbacks. With falling employment, wages and asset values and with weak social stabilizers, poor households in developing countries are often forced to respond to economic shocks by cutting investment in human capital.

Faced with declining revenues and limited financing options, Government social-sector spending is also likely to come under pressure. The World Bank estimates that core spending on health, education, infrastructure and social safety nets may drop by as much as $200 billion owing to the global slowdown. As a result, infant deaths in developing countries may be 200,000 to 400,000 per year higher on average between 2009 and the target year of 2015 set by the Millennium Development Goals.

But this is not all. Looking ahead, the situation could be even more catastrophic. Indeed, the implications of the crisis for human development outcomes in the long run may be more severe than those observed in the short run. When poor households withdraw their children from school, there is a significant risk that they will not return once the crisis is over or that they will not be able to recover the learning gaps resulting from lack of attendance. And the decline in nutritional and health status among children who suffer from reduced or lower-quality food consumption can be irreversible, retarding their growth and cognitive and learning abilities.

These facts are sobering. We simply cannot look the other way or divert our attention and commitment from addressing the challenge they impose on us. What we need to realize as an international community is that failure to launch intensive efforts to help countries that this crisis has made vulnerable could lead to human catastrophe and even civil unrest around the globe. We know from bitter experience that poverty and desperation breed insecurity and conflict. In this event, all of our efforts and hard-won gains over the last 10 years would go up in flames. Please recall that this financial crisis has come on top of the food crisis, which threw more than 100 million people into poverty.

Let me just say that the World Bank is active. It is acting to try to help with this crisis. We already began during the time of the food crisis to put into place a mechanism to help developing countries in the form of a $1.2 billion fast-disbursing facility, the Global Food Price Crisis Response Programme. We have already disbursed $730 million from that facility, which we have continued to maintain, having increased it to $2 billion in order to help cope with the financial crisis.

In terms of our regular resources, the World Bank is going to be able to disburse about $33 billion this year to emerging market countries and another $14 billion to the low-income countries from our International Development Association facility. On top of that, we have also mobilized an addition $8 billion for special crisis response and vulnerability assistance to those countries that are the most affected. In addition to all of the foregoing, we are also looking through our private arm to leverage additional private sector assistance in these countries. To that effect, the International Finance Corporation will put in about $12 billion this year towards assistance to vulnerable countries.

The issue here is not to dwell too much on what each of us is doing. The issue is how together, as a community of will and purpose, we can work effectively to address urgently and immediately the human plight that this crisis is throwing us into.

At this juncture, when the world is expecting us to act swiftly and decisively, I add my voice to those calling for urgent efforts not only to quench the burning fires of the financial crisis, but also to look ahead to the developmental challenges we are facing.

Let me conclude by saying that, while this conference offers a unique opportunity for all of us to speak and be heard, I would add my voice to that of Mahatma Gandhi when he said that "an ounce of practice is worth more than tons of preaching". At the World Bank we have tried to practise and not to preach.

The meeting rose at 1.35 p.m.